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Date of Issuance 5/18/2026

Decision 26-05-013 May 14, 2026

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southwest Gas Corporation (U905G) for Authority to Increase Rates and Charges for Gas Service in California, Effective January 1, 2026.

Application 24-09-001

DECISION ADOPTING SETTLEMENT AGREEMENT AND DETERMINING THERE ARE NO UNRESOLVED PUBLIC HEALTH OR SAFETY ISSUES

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Appendix 1 – Settlement Agreement

DECISION ADOPTING SETTLEMENT AGREEMENT AND DETERMINING THERE ARE NO UNRESOLVED PUBLIC HEALTH AND SAFETY ISSUES

Summary

This decision grants the uncontested Joint Motion to Adopt a Settlement Agreement, filed by Southwest Gas Corporation (Southwest Gas), the Public Advocates Office at the California Public Utilities Commission, and Small Business Utility Advocates. The Settlement Agreement resolves certain issues material to Southwest Gas' application for authorization to increase rates and charges for gas service in California, effective January 1, 2026.

This decision adopts the Settlement Agreement in its entirety, containing the following provisions:

1. Adjustments to Operations and Maintenance and Administrative and General expenses for the Southern California, Northern California, and South Lake Tahoe rate jurisdictions;
2. Adjustments to Southwest Gas' Net Plant Additions for each jurisdiction, a total of \$169,785,736;
3. Continued authorization of Southwest Gas' risk-informed decision-making framework and modification of risk mitigation programs with recovery authorized through the Infrastructure Reliability and Replacement Adjustment Mechanism , including:
 - Southwest Gas' Targeted Pipe Replacement Program to replace pipe in Southern California with a cumulative budget of \$94,322,400 over 2026-2030 (approximately \$18.86 million annually);
 - Southwest Gas' School Customer-Owned Yard Line Replacement Program to replace lines at 12 schools per year (10 in Southern California and 1 each in Northern California and South Lake Tahoe) with a cumulative budget of \$21.6

- million over 2026-2030 (approximately \$4.32 million annually);
- Southwest Gas' existing Meter Protection Program with a cumulative budget of \$43.95 million over 2026-2030 (approximately \$8.79 million annually across jurisdictions);
 - Southwest Gas' new Annual Leak Survey Program with Advanced Mobile Leak Detection with a cumulative budget of \$10,026,425 over 2026-2030 (approximately \$2.005 million annually);
4. Continued authorization of Southwest Gas' Conservation and Energy Efficiency programs (Residential Equipment Rebates, Commercial Equipment Rebates, Residential Direct Install, New Homes Rebates, and Solar Thermal Rebates) with an annual budget of \$500,000 that may be increased by request to the Commission, recoverable through the Conservation and Energy Efficiency Balancing Account component of the Public Purpose Program Surcharge;
 5. Continued authorization of Southwest Gas' Post-Test Year Mechanism for 2027-2030, including margin adjustments for North Lake Tahoe lateral pipeline replacement, Excess Accumulated Deferred Income Taxes, and the Fort Irwin pipeline;
 6. Consolidation of Southwest Gas' Northern California and South Lake Tahoe rate jurisdictions into a single Northern California rate jurisdiction;
 7. Use and adoption of Southwest Gas' August 2024 Depreciation Study plant;
 8. Continued authorization of Southwest Gas' Automatic Trigger Mechanism established in D.14-06-028 and D.21-03-052;
 9. Adoption of Southwest Gas' safe harbor tax accounting method per Internal Revenue Service Revenue Procedure 2023-15, with impacts reflected in jurisdictional margin adjustments;

10. Modifications to the Tariff's Preliminary Statement, Rate Schedules, and Rules upon Southwest Gas' submission of a compliance filing to correct inconsistencies, incorporate ministerial updates, and reflect the Settlement Agreement;
11. Regarding Southwest Gas' commercial ratepayers:
 - a. For Schedule Nos. GS-40/GN-40 (Core Commercial Natural Gas Service), Southwest Gas will enhance outreach for the Commercial Equipment Rebates program with two additional email blasts annually and consultation with third-party contractors; and report participation levels via Tier 1 advice letter by June 30, 2028;
 - b. For the Targeted Pipe Replacement Program, Southwest Gas will include in future testimony a comparison of present and future bill impacts from proactive replacement, considering cost savings and deferred replacement scenarios, and continue maximizing cost savings through franchise-related trenching coordination;
 - c. For Account 908 (Customer Assistance Expense), Southwest Gas will conduct a 2026 survey of GS-40/GN-40 customers (including internal staff insights, statistically significant responses via email and other channels, and analysis for actionable improvements) and report findings and actions via Tier 1 advice letter by June 30, 2027.

The Settlement Agreement is attached as Appendix 1 to this decision.

This decision also determines that there are no unresolved public health and safety issues. A separate decision in this proceeding will address the remaining contested issues.

This proceeding remains open.

2. Background

2.1. The Parties

Applicant **Southwest Gas Corporation (Southwest Gas or Applicant)** is a corporation organized and existing under the laws of the state of California with a principal place of business at 8360 South Durango Dr., Las Vegas, Nevada 89113. Applicant is a public utility engaged in the retail distribution, transportation, and

sale of natural gas for domestic, commercial, agricultural, and industrial uses. It serves approximately 2.2 million customers in California, Arizona, and Nevada.

Intervenor **The Public Advocates Office at the California Public Utilities Commission (Cal Advocates)** serves as representative on behalf of California consumers.¹ Public Advocates Office’s statutory mandate requires it to “advocate on behalf of the interests of public utility customers and subscribers within the jurisdiction of the commission,” and “obtain the lowest possible rate for service consistent with reliable and safe service levels.”

Intervenor **Small Business Utility Advocates (SBUA)** is a nonprofit organization, founded in 2012, that represents the interests of small business utility customers. SBUA’s mission is to protect and promote small businesses in decisions regarding utility rates, policies, and programs.

Below , we jointly refer to Southwest Gas, Cal Advocates, and SBUA as the “Parties.”

2.2. Application 24-09-001

On September 6, 2024, Southwest Gas filed with the California Public Utilities Commission (Commission its Application (A.) 24-09-001 for Authority to Increase Rates and Charges for Natural Gas Service in California, Effective January 1, 2026 (Application). A.24-09-001 constitutes Southwest Gas’ Test Year (TY) 2026 general rate case (GRC), to request authority from the Commission to increase its GRC revenue requirement (*i.e.*, the total amount of money Southwest Gas would be allowed to collect from customers for gas service in California to cover its costs, based on the company’s costs over a 12-month period), beginning January 1, 2026.

The Application addresses Southwest Gas’ California rate jurisdictions: (1) Southern California; (2) Northern California; and (3) South Lake Tahoe. The Southern California rate jurisdiction comprises various communities and areas in

San Bernardino County. The Northern California rate jurisdiction covers communities and areas in Placer, El Dorado, and Nevada Counties. The South Lake Tahoe rate jurisdiction is entirely within El Dorado County. In total, Applicant serves approximately 206,000 California customers.

Southwest Gas claims an annual revenue deficiency for TY 2026 from cost increases of approximately \$38.5 million for its Southern California rate jurisdiction, approximately \$63 thousand for its Northern California rate jurisdiction, and approximately \$10.2 million for its South Lake Tahoe rate jurisdiction.²

Southwest Gas contends broadly that the public interest supports Commission approval of (1) the proposed rate increases and Post-Test Year Ratemaking Mechanism (PTYM) continued by Decision (D.) 21-03-052;³ (2) the continuance of the Automatic Trigger Mechanism (ATM);⁴ and (3) the proposed rate design, combined with the other requests made in the Application.⁵ Southwest Gas further contends that approval of the Application, as proposed, would provide the Company with a realistic and reasonable opportunity to earn its authorized rates of return.⁶

More specifically, Southwest Gas requests that the Commission authorize:

1. a retail natural gas service rate increase in each of Southwest Gas' three California rate jurisdictions;

² Application at 3.

³ See Application at Section 5.4 ("In D.21-03-052, the Commission continued the Company's Post-Test Year Ratemaking Mechanism (PTYM). Southwest Gas seeks to continue its PTYM for annual changes to rates and charges for gas service, effective January 1, 2027, and each January 1 thereafter through 2030.").

⁴ See Application at Section 5.5 ("Southwest Gas also seeks to continue the Automatic Trigger Mechanism (ATM) and adjustment for Excess Accumulated Deferred Income Taxes (EADIT) as previously approved.").

⁵ Application at 10.

⁶ Application at 11.

2. the PTYM for annual changes in rates and charges for gas service for the 2027 through 2030 post-test year period;
3. the proposed Cost of Capital;
4. continuation of the ATM and adjustment for Excess Accumulated Deferred Income Taxes (EADIT), as previously approved;
5. consolidation of Southwest Gas' Northern California and South Lake Tahoe rate jurisdictions into a single Northern California rate jurisdiction;
6. the proposed mitigations to address the risks identified in the Southwest Gas' risk-based decision-making framework, including cost recovery through the previously approved Infrastructure Reliability and Replacement Adjustment Mechanism (IRRAM) originally approved by the Commission in D.14-06-048;⁷
7. Conservation and Energy Efficiency programs approved in D.21-03-052 and requested annual budgets; and
8. the proposed changes to the depreciation rates, as set forth in Southwest Gas' depreciation study.⁸

2.3. Procedural Background

On October 14, 2024, the Public Advocates Office at the Commission (Cal Advocates) filed a protest to the Application.

⁷ See Application at Section 6.1 ("In compliance with D.14-12-025 and the Voluntary Agreement Between Risk Assessment Section of the Safety and Enforcement Division and Small Multi-Jurisdictional Utilities for a Risk-Based Decision-Making Framework, approved in D.19-04-020, the Company engaged in the development of a risk-based decision-making framework as part of this Application. Through this framework, the Company identified and evaluated several risks, reviewed existing controls, and developed proposed mitigations to address the identified risks. Southwest Gas' proposed mitigations include continuation of the Targeted Pipe Replacement (TPR) Program, Meter Protection Program, and Customer-Owned Yard Line (COYL) Program along with a new Annual Leak Survey Program with conventional and Advanced Mobile Leak Detection technologies. The Company proposes to continue to recover the costs associated with the subject programs through the Infrastructure Reliability and Replacement Adjustment Mechanism (IRRAM) originally approved by the Commission in D.14-06-048.").

⁸ See Application at Sections 7.1 ("On August 23, 2024, Southwest Gas submitted a study of depreciation rates and practices based on 2023 year-end data for Southwest Gas' natural gas properties (Depreciation Study) to Cal Advocates, pursuant to Commission Standard Practice U-4. The Depreciation Study combines the South Lake Tahoe and Northern California properties into one set of depreciation rates for all northern California properties.") and 7.2.

A prehearing conference (PHC) was held on December 11, 2024, to address the issues of law and fact, determine the need for hearing, set the schedule for resolving the matter, and address other matters as necessary. Southwest Gas filed a December 9, 2024, Joint Prehearing Conference Statement on behalf of the Parties to address those issues. At that PHC, Southwest Gas indicated that it would file an amendment to the Application.

On December 15, 2024, Southwest Gas filed a motion seeking authority to establish a General Rate Case Memorandum Account (GRCMA), effective January 1, 2026. No party opposed that motion.

On December 20, 2024, Southwest Gas filed a timely amendment that purported to correct errors in the Application that affected Southwest Gas' Results of Operations models and Class Cost of Service Study/Rate Design models.

On January 10, 2025, Small Business Utility Advocates (SBUA) filed a motion for party status. The assigned Administrative Law Judge (ALJ) granted SBUA's motion on January 14, 2025.

After considering the Application, Cal Advocates' protest, the Parties' Joint Prehearing Conference Statement, Southwest Gas' motion seeking authority to establish a GRCMA, the amendment to the Application, and discussion at the PHC, assigned Commissioner Matthew Baker determined the issues and initial schedule of the proceeding, as set forth in his Scoping Memo and Ruling (Scoping Memo), issued January 22, 2025.

The assigned ALJ issued a ruling on May 19, 2025, setting a May 30, 2025, telephonic status conference and ordering all Parties to meet and confer and to file a Joint Status Conference Statement on or by May 28, 2025.

On May 23, 2025, Southwest Gas and Cal Advocates filed a joint status report on settlement discussions, stating they had engaged in settlement discussions to resolve issues between them in this proceeding. SBUA was not a party to those discussions and did not join or file a settlement status report.

On May 28, 2025, Southwest Gas and Cal Advocates filed a Joint Status Conference Statement. Those Parties indicated that settlement discussions were ongoing. SBUA filed a separate Status Conference Statement and indicated that it would confer with Southwest Gas regarding a settlement.

On May 30, 2025, the ALJ and all Parties participated in the scheduled telephonic status conference, resulting in an ALJ ruling on June 4, 2025, that updated the proceeding schedule.

The assigned ALJ issued a ruling on June 11, 2025, setting a remote July 9, 2025, status conference via video teleconference and ordering all Parties to meet and confer and directing Southwest Gas to file a Joint Status Conference Statement on or by July 3, 2025, on behalf of all Parties. On June 11, 2025, the ALJ also issued a ruling setting an in-person evidentiary hearing.

Southwest Gas timely filed a Second Joint Status Conference Statement on behalf of all Parties on July 3, 2025, which indicated that settlement discussions had progressed toward the resolution of the then-contested issues.

On July 9, 2025, the ALJ and all Parties participated in the scheduled remote status conference. In accord with the Parties' positions regarding an evidentiary hearing, the ALJ amended the July 11, 2025, ruling to set the July 29, 2025, evidentiary hearing session to be conducted remotely. The ALJ also issued a July 25, 2025, ruling regarding remote evidentiary hearing procedures.

On July 25, 2025, the Parties filed a Third Joint Status Conference Statement, updating the Commission on issues to be resolved in this proceeding. In that statement, the Parties reported that they had achieved a settlement in principle on all but four of the 17 issues identified in the Scoping Memo.

On July 17, 2025, Cal Advocates filed a Motion for Leave to File Under Seal Certain Confidential Testimony of Phillip MacNeil as CA-08C.

On July 29, 2025, as ordered by the ALJ, the Parties filed a Joint Motion to Admit Evidence Into the Evidentiary Record. Although filed after the identified deadline, the ALJ granted the Parties' joint request to accept that late-filed motion.

At the July 29, 2025, remote evidentiary hearing session, the ALJ entertained and granted the Parties' Joint Motion to Admit Evidence Into the Evidentiary Record and a motion by SBUA to admit an additional exhibit into evidence. All exhibits proposed were marked, identified, and received into evidence without objection. The Parties then advised the ALJ that they were engaged in settlement discussions and may seek an extension of briefing deadlines established by the proceeding schedule. The remote evidentiary hearing session was concluded on the same day.

On August 27, 2025 and September 11, 2025, the assigned ALJ issued rulings granting two extensions of time to the Parties to file a joint motion requesting adoption of a settlement agreement. The second ruling extended that deadline to September 18, 2025.

Southwest Gas and Cal Advocates filed concurrent Opening Briefs on August 29, 2025, and concurrent Reply Briefs on September 12, 2025.

On September 18, 2025, Southwest Gas, Cal Advocates, and SBUA filed a Joint Motion for Adoption of a Settlement Agreement (Motion) pursuant to Commission Rule of Practice and Procedure (Rule) 12.1. The Motion included as an attachment the Parties' proposed settlement agreement (Settlement Agreement). That Settlement Agreement is made part of this decision as Appendix 1.

In addition, on September 18, 2025, the Commission issued Decision D. 25-09-017, that resolved and granted Southwest Gas' unopposed motion requesting that the Commission authorize establishment of a new GRCMA to track changes in its revenue requirement from January 1, 2026, through the date of the Commission's final decision in this proceeding. The Commission granted that motion to offset any financial consequences caused by the Commission's adoption of a final decision in this proceeding after January 1, 2026. However, granting approval to establish a

GRCMA, effective January 1, 2026, did not authorize Southwest Gas to recover the costs tracked. Instead, whether, how, and to what extent Southwest Gas may recover the costs tracked through that GRCMA remained to be determined through subsequent decisions in this proceeding.

On March 12, 2026, the assigned ALJ issued a ruling directing the Parties to file a Joint Supplemental Statement to provide complete information for consideration and inclusion in the proceeding record.

On March 19, 2026, the assigned ALJ issued a ruling adopting procedures and protections for the confidential production of computer model runs using Southwest Gas' Results of Operations (RO) models, including the generation of data tables needed to support the decisions issued in this proceeding.

On March 20, 2026, the Parties filed their Joint Supplemental Statement.

3. Issues Before the Commission

The Scoping Memo included 17 issues in the scope of this proceeding. This decision determines that the issues, as described below, are resolved:

1. Issue 1 is not resolved by this decision.
2. Whether Southwest Gas' forecast for various types of expenses, e.g., Operations and Maintenance (O&M), Administrative and General (A&G), Pensions and Benefits and Taxes are reasonable.
3. Whether Southwest Gas' post-test year proposals for the years 2027 through 2030 are reasonable.
4. Issue 4 is not resolved by this decision.
5. Issue 5 is not resolved by this decision.
6. Issue 6 is not resolved by this decision.
7. Whether Southwest Gas' ATM that was approved in D.14-06-028 and used to adjust its cost of capital, should be continued.
8. Whether Southwest Gas' adjustment for EADIT should be continued.

9. Whether Southwest Gas' forecast of capital expenditures is reasonable.
10. Whether the depreciation rates represented in August 2024 Southwest Gas' August 2024 depreciation study and proposed rates should be adopted.
11. Whether Southwest Gas' risk-based decision-making framework proposal is reasonable.
12. Whether Southwest Gas' Targeted Pipeline Replacement (TPR) Program, Meter Protection Program, and Customer-Owned Yard Line (COYL) Program should be continued with recovery of such costs through the IRRAM (as approved in D.14-06-028).
13. Whether an Annual Leak Survey program with conventional and Advanced Mobile Leak detection technologies should be adopted.
14. Issue 14 is not resolved by this decision.
15. Whether Southwest Gas' proposal to consolidate the Northern California and South Lake Tahoe Rate Jurisdictions into a single rate jurisdiction is in the public interest.
16. Whether Southwest Gas' intention to adopt the safe harbor tax accounting method outlined in Internal Revenue Service Revenue Procedure 2023-15 is reasonable.
17. Whether there exist any unresolved public health or safety issues related to this proceeding.

A separate decision in this proceeding will address contested Scoped Issue Nos. 1, 4, 5, 6, and 14.

4. Settlement of Disputes

On September 18, 2025, Southwest Gas, Cal Advocates, and SBUA timely filed their joint Motion, attaching the Settlement Agreement to resolve uncontested issues in this proceeding.

4.1. Summary of Settlement Agreement

Southwest Gas seeks a \$36.61 million revenue requirement increase for its Southern California rate, a \$2.79 million decrease for its Northern California rate

jurisdiction, and an increase of \$9.85 million for its South Lake Tahoe rate jurisdiction. The Parties resolved a number of material issues in the Settlement Agreement (attached as Appendix 1), containing the following key provisions:

1. The Parties agree to adjustments in O&M and A&G expenses for the Southern California, Northern California, and South Lake Tahoe rate jurisdictions, as detailed in the tables for specific accounts:
 - a. No reduction from Southwest Gas' proposals for accounts 923, 926, 927, 928, 930.1, 930.2, 931 in Southern California, Northern California, and South Lake Tahoe.
 - b. Reductions in accounts 813, 871, 874, 878, 879, 880, 885, 887, 889, 901, 902, 903, and 908 for Southern California; accounts 878, 879, 889, 902, 903, 910 in Northern California; and accounts 878, 889, 901, 903 for South Lake Tahoe.
 - c. \$1,010,995 to be allocated amongst accounts 920 (MIP) and 926 (SERP, Deferred Compensation, Medical) in all rate jurisdictions.
2. Parties agree to an adjustment of Net Plant Additions to 50 percent of Cal Advocates' proposed adjustment as filed for each jurisdiction and result in a total of \$169,785,736 (\$115,422,502 for Southern California; \$24,107,444 for Northern California; \$30,255,787 for South Lake Tahoe).
3. Southwest Gas' risk-informed decision-making framework complies with D.19-04-020 and D.22-10-022, and the Parties agree to continue and modify risk mitigation programs with recovery through the IRRAM: The Targeted Pipe Replacement Program will replace Driscopipe™ 7000 and pre-1961 steel pipe in Southern California with a cumulative budget of \$94,322,400 over 2026-2030 (approximately \$18.86 million annually). The School Customer-Owned Yard Line Replacement Program will replace lines at 12 schools per year (10 in Southern California, and 1 each in Northern California and South Lake Tahoe) with a cumulative budget of \$21.6 million over 2026-2030 (approximately \$4.32 million annually).

The Meter Protection Program (including meter sheds, excess flow valves, and meter encoder receiver transmitters) will continue with a cumulative budget of \$43.95 million over 2026-2030 (approximately \$8.79 million annually across jurisdictions). A new Annual Leak Survey Program with Advanced Mobile Leak Detection will be implemented with a cumulative budget of \$10,026,425 over 2026-2030 (approximately \$2.005 million annually), including shared vehicle costs between Northern California and Northern Nevada adjusted by \$221,000.

4. Parties agree to continue Southwest Gas' Conservation and Energy Efficiency programs (Residential Equipment Rebates, Commercial Equipment Rebates, Residential Direct Install, New Homes Rebates, and Solar Thermal Rebates) with an annual budget of \$500,000, recoverable through the Conservation and Energy Efficiency Balancing Account component of the Public Purpose Program Surcharge. Southwest Gas may submit a Tier 3 advice letter to request additional funding up to a maximum of \$800,000 per year, beginning two years after Commission approval. Program modifications will use Tier 1 advice letters for Commercial Equipment Rebates aligned with statewide updates, Tier 2 for other minor changes, and Tier 3 for budget increases.
5. Parties agree to continue the PTYM approved in D.21-03-052 for 2027-2030, including margin adjustments for the North Lake Tahoe Lateral pipeline replacement, EADIT, and the Fort Irwin pipeline (per D.24-04-014).
6. Parties agree to the consolidation of the Northern California and South Lake Tahoe rate jurisdictions into a single Northern California rate jurisdiction.
7. Parties agree to the use and adoption of Southwest Gas' Depreciation Study (August 2024, based on 2023 data) reflecting assumptions regarding average service lives, remaining lives, and net salvage for Company plant.
8. Parties agree to continue the Automatic Trigger Mechanism established in D.14-06-028 and D.21-03-052.

9. Parties agree to Southwest Gas' adoption of the safe harbor tax accounting method per Internal Revenue Service Revenue Procedure 2023-15, with impacts reflected in jurisdictional margin adjustments.
10. Parties agree that Southwest Gas make tariff modifications to the Preliminary Statement, Rate Schedules, and Rules and submit update its tariff in a compliance filing to correct inconsistencies, incorporate ministerial updates, and reflect the Settlement.
11. Regarding SBUA-specific issues for Schedule Nos. GS-40/GN-40 (Core Commercial Natural Gas Service): Parties agree that Southwest Gas will enhance outreach for the Commercial Equipment Rebates program with two additional email blasts annually and consultation with third-party contractors; and report participation levels via Tier 1 advice letter by June 30, 2028. For the Targeted Pipe Replacement Program, Southwest Gas will include in future testimony a comparison of present and future bill impacts from proactive replacement, considering cost savings and deferred replacement scenarios, and continue maximizing cost savings through franchise-related trenching coordination. For Account 908 (Customer Assistance Expense), Southwest Gas will conduct a 2026 survey of GS-40/GN-40 customers (including internal staff insights, statistically significant responses via email and other channels, and analysis for actionable improvements) and report findings and actions via Tier 1 advice letter by June 30, 2027.

4.2. Contested Issues to Be Determined

The joint Motion recognizes that the Settlement Agreement does not resolve certain cost of capital issues.⁹ Those unresolved cost of capital issues (capital

⁹ See Motion at 4. Those issues, identified in the January 22, 2025, Assigned Commissioner's Scoping Memo and Ruling, are Issue No. 1 ("Whether Southwest Gas' proposed rate increases for its Northern California, Southern California and South Lake Tahoe jurisdictions are reasonable"); Issue No. 4 ("Whether Southwest Gas' proposed capital structure that consists of 50.0 percent common debt and 50.0 percent common equity is reasonable"); Issue No. 5 ("Whether the proposed return on common equity (ROE) of 11.35 percent is reasonable"); and Issue No. 6 ("Whether the proposed

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structure, return on equity, overall rate of return, and resulting revenue deficiencies/rate base) remain contested and will be resolved with final amounts determined by the Commission in a separate decision.

5. Submission Date

This matter was submitted on March 20, 2026, upon the filing of the Parties' Joint Supplemental Statement.

6. Jurisdiction

The Commission has jurisdiction over the activities of public utilities.¹⁰ Southwest Gas is a California corporation organized and existing under the laws of the state and is engaged in the retail distribution, transportation, and sale of natural gas for domestic, commercial, agricultural, and industrial uses. The company provides natural gas service to approximately 206,000 California customers in (1) Southern California; (2) Northern California; and (3) South Lake Tahoe.¹¹ Southwest Gas is therefore a public utility subject to the Commission's jurisdiction.

7. Standard of Review

The Commission's requirements for approval of a settlement are set forth in Rule 12.1.¹² The Commission will only approve a proposed settlement if we find that the settlement satisfies Rule 12.1(d), requiring a settlement to be "reasonable in light of the whole record, consistent with law, and in the public interest."¹³

overall rate of return of 7.74 for Southern California, and 7.85 percent overall for both Northern California and the South Lake Tahoe jurisdictions, are reasonable").

¹⁰ Pub. Util. Code Section 216(a).

¹¹ Its Southern California rate jurisdiction comprises various communities and areas in San Bernardino County. Its Northern California rate jurisdiction covers communities and areas in Placer, El Dorado, and Nevada Counties. Its South Lake Tahoe rate jurisdiction is entirely within El Dorado County.

¹² All subsequent references to "Rules" refer to the Commission's Rules of Practice and Procedure, unless indicated otherwise.

¹³ See, e.g., D.12-10-019, Order Denying Rehearing of D.08-08-030 (October 11, 2012) at 14-15; D.09-11-008, Decision Denying Motion to Adopt Contested Settlement and Dismissing Application (November 20, 2009) at 6.

The Commission will not approve settlements, whether contested or uncontested, where the settlement fails to satisfy these requirements.¹⁴

California law recognizes “a strong public policy favoring the voluntary settlement of disputes.”¹⁵ An adjudicating tribunal must find a proposed settlement agreement satisfies prescribed criteria before deciding upon approval.¹⁶

The Commission facilitates this strong policy goal by considering whether a settlement agreement produces a just outcome overall, instead of focusing on its individual terms:

In assessing settlements, we consider individual settlement provisions but, in light of strong public policy favoring settlements, *we do not base our conclusion on whether any single provision is the optimal result.* Rather we determine *whether the settlement as a whole produces a just and reasonable outcome.*¹⁷

¹⁴ Notably, Rule 12.5 “Commission adoption of a settlement is binding on all parties to the proceeding in which the settlement is proposed. Unless the Commission expressly provides otherwise, such adoption does not constitute approval of, or precedent regarding, any principle or issue in the proceeding or in any future proceeding.”

¹⁵ *Rheinart v. Nissan N. Am., Inc.*, 92 Cal.App.5th 1016, 1027 (Cal. Ct. App. 2023) (stating “California has a strong public policy favoring the voluntary settlement of disputes” and citing *Monster Energy Co. v. Schechter*, 7 Cal.5th 781, 793 (Cal. 2019), 249 Cal.Rptr.3d 295, 444 P.3d 97; *Zamora v. Clayborn Contracting Group, Inc.*, 28 Cal.4th 249, 260 (Cal. 2002), 121 Cal.Rptr.2d 187, 47 P.3d 1056 (“the law favors settlements”); *Kaufman v. Goldman*, 195 Cal.App.4th 734, 745 (Cal. Ct. App. 2011), 124 Cal.Rptr.3d 555 (*Kaufman*); *Osumi v. Sutton*, 151 Cal.App.4th 1355, 1359 (Cal. Ct. App. 2011), 60 Cal.Rptr.3d 693 (“[i]t is, of course, the strong public policy of this state to encourage the voluntary settlement of litigation”). Settlement agreements “are highly favored as productive of peace and good will in the community, and reducing the expense and persistency of litigation.” *McClure v. McClure*, 100 Cal. 339, 343 (Cal. 1893).

¹⁶ *See, e.g., Rheinart v. Nissan N. Am., Inc.*, 92 Cal.App.5th at 1027 (“Notwithstanding that policy, courts can declare settlement agreements and releases, which the law treats like any other contracts (*Timney v. Lin* (2003) 106 Cal.App.4th 1121, 1127, 131 Cal.Rptr.2d 387), void and unenforceable on the basis of other public policies, illegality or unfairness.”).

¹⁷ *See* D.11-05-018 at 16 (emphasis added).

7.1. Reasonableness In Light of the Whole Record

7.1.1. Issue No. 2: Reasonableness of Southwest Gas’ Expense Forecast

We first examine whether the record shows that the proposed Settlement Agreement addressed Scoping Memo Issue No. 2: Whether Southwest Gas’ forecast for various types of expenses, *e.g.*, O&M, A&G, Pensions and Benefits, and Taxes are reasonable.”

The record shows that Southwest Gas proposed a forecast of \$64,642,348 in total O&M and A&G, while Cal Advocates proposed \$55,580,670.¹⁸

The proposed Settlement Agreement addresses Issue No. 2 through a stipulation similar to Cal Advocates’ proposal: “The Parties agree that the combined O&M and A&G authorized expenses for Southwest Gas total \$56.90 million.”¹⁹ They offer that “[a]s part of this comprehensive Settlement, Southwest Gas and Cal Advocates agree to the following combination of unopposed, stipulated, and disputed and settled amounts” identified in the Settlement Agreement table showing proposed and agreed expenses by accounts in Southwest Gas’ California rate jurisdictions.²⁰ A summary of this information in Figure 1 below represents significant compromises achieved by Southwest Gas and Cal Advocates after the exchange and receipt of testimony in evidence and settlement discussions.

Figure 1:

Summary of Operations and Maintenance (O&M) & Administrative and General (A&G) Expense Adjustments by Jurisdiction

(\$ USD)

Rate Jurisdiction	Expense Type	Southwest Gas Proposal (\$)	Cal Advocates Proposal (\$)	Adjustment (\$)	Percent Reduction (%)	Settlement Agreement (\$)
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¹⁸ See Settlement Agreement at Paragraph 36 and pages 9-10.

¹⁹ See Settlement Agreement at Paragraph 36.

²⁰ See Settlement Agreement at Paragraph 36 and pages 9-10.

Southern California	Direct Expenses	22,184,570	21,453,768	(730,802)	3.3%	21,581,967
Northern California	Direct Expenses	3,090,408	2,953,281	(137,127)	4.4%	2,970,287
South Lake Tahoe	Direct Expenses	1,977,856	1,834,894	(142,962)	7.2%	1,086,646
All Jurisdictions	System Allocable Expenses	37,371,514	29,338,727	(8,032,787)	21.5%	30,495,563
Total O&M and A&G Expenses		<u>64,624,348</u>	<u>55,580,670</u>	<u>(9,043,678)</u>	<u>14%</u>	<u>56,908,463</u>

Significantly, after their exchange and review of evidence and extended discussions, Cal Advocates and Southwest Gas agreed to a compromise equal to a total 14% reduction of Southwest Gas’ proposed \$64,642,348 in total O&M and A&G expense forecast, to a final \$56,908,463 settlement amount.

7.1.2. Issue No. 3: Reasonableness of Southwest Gas 2027-2030 Post-Test Year Proposals

We next examine whether the record shows that the proposed Settlement Agreement addressed Scoping Memo Issue No. 3: Whether Southwest Gas’ post-test year proposals for the years 2027 through 2030 are reasonable.

The record shows that Southwest Gas requested authority to continue its PTYM to change rates and charges for the post-test years 2027, 2028, 2029, and 2030 for its three rate jurisdictions.²¹ It also requested to continue to include in its annual PTYM the margin adjustments associated with its North Lake Tahoe Lateral pipeline replacement, as well as EADIT.²² Finally, Southwest Gas proposed to make annual margin and cost of service adjustments (to account for the rate base impact, depreciation expenses, property and income taxes) associated with the pipeline

²¹ See Settlement Agreement at Section 6.

²² See Settlement Agreement at Section 7.

installation to serve the National Army Training Center at Fort Irwin, approved in Decision D.24-04-014.²³

The Parties' proposed Settlement Agreement addresses Issue No. 3 by proposing to continue the PTYM, approved in D.21-03-052 for 2027-2030, including (1) margin adjustments for the North Lake Tahoe Lateral pipeline replacement, EADIT, and (3) the Fort Irwin pipeline (per D.24-04-014).²⁴

7.1.3. Issue No. 7: Continuation of D.14-06-028 Automatic Trigger Mechanism

We next examine whether the record shows that the proposed Settlement Agreement addressed Scoping Memo Issue No. 7: Whether Southwest Gas' ATM that was approved in D.14-06-028 and used to adjust its cost of capital, should be continued."

The record shows that Southwest Gas sought to continue the ATM approved in D.14-06-028 and D.21-03-052, the Company's Test Year 2014 (A.12-12-024) and Test Year 2021 (A.19-08-015) GRC applications, respectively.²⁵

The Parties' proposed Settlement Agreement addresses Issue No. 7 by establishing that the ATM established in D.14-06-028 and D.21-03-052, will continue.²⁶

7.1.4. Issue No. 8: Continued Adjustment for Excess Accumulated Deferred Income Taxes (EADIT)

We next examine whether the record shows that the proposed Settlement Agreement addressed Scoping Memo Issue No. 8: Whether Southwest Gas' adjustment for EADIT should be continued.

²³ See Settlement Agreement at Section 7.

²⁴ See Settlement Agreement at Section 6-7.

²⁵ See Settlement Agreement at Section 8.

²⁶ See Settlement Agreement at 7 (Section III).

As discussed above, the record shows that Southwest Gas requested authority to continue to include in its annual PTYM the margin adjustments associated with its North Lake Tahoe Lateral pipeline replacement, as well as EADIT.²⁷

The Parties' proposed Settlement Agreement addresses Issue No. 8 such that the PTYM approved in D.21-03-052 will continue for 2027-2030, including EADIT.²⁸

7.1.5. Issue No. 10: Adoption of Depreciation Rates According to Southwest Gas' August 2024 Study

We next examine whether the record shows that the proposed Settlement Agreement addressed Scoping Memo Issue No. 10: Whether the depreciation rates represented in Southwest Gas' August 2024 depreciation study and proposed rates should be adopted.

The record shows that on August 23, 2024,

Southwest Gas submitted to Cal Advocates a study of depreciation rates and practices based on 2023 year-end data for Southwest Gas' natural gas properties (Depreciation Study), pursuant to Commission Standard Practice U-4. The Depreciation Study combined the South Lake Tahoe and Northern California properties into one set of depreciation rates for all northern California properties. Southwest Gas requested that the depreciation rates reflected in the Depreciation Study be accepted and made effective concurrently with the rates approved in the Application.²⁹

The proposed Settlement Agreement addresses Issue No. 10 by establishing that "Southwest Gas' Depreciation Study (August 2024, based on 2023 data) reflecting assumptions regarding average service lives, remaining lives, and net salvage for Company plant will be used."³⁰

²⁷ See Settlement Agreement at Section 7.

²⁸ See Settlement Agreement at 6 (Section III).

²⁹ See Settlement Agreement Section 11.

³⁰ See Settlement Agreement at 7 (Section III).

7.1.6. Issue No. 11: Reasonableness of Southwest Gas Proposed Risk-Based Decision-Making Framework

We next examine whether the record shows that the proposed Settlement Agreement addressed Scoping Memo Issue No. 11: Whether Southwest Gas' risk-based decision-making framework proposal is reasonable.

The record shows that to comply with D.14-12-025 and the Voluntary Agreement Between Risk Assessment Section of the Safety and Enforcement Division and Small Multi-Jurisdictional Utilities (SMJU) for a Risk-Based Decision-Making Framework (SMJU Voluntary Agreement), approved by the Commission in D.19-04-020, Southwest Gas engaged in the development of a risk-based decision-making framework as part of the Application.³¹ Through this framework, Southwest Gas contends that it identified and evaluated several risks, reviewed existing controls, and developed proposed mitigations to address the identified risks.³²

Southwest Gas' risk mitigation programs include a TPR Program, Meter Protection Program, School COYL Replacement Program, and an Annual Leak Survey Program with Advanced Mobile Leak Detection (AMLDD).³³ Southwest Gas proposed to recover the costs associated with these programs through the IRRAM, initially approved by the Commission in D.14-06-048.³⁴

7.1.7. Issue No. 12: Continued Cost Recovery Through Infrastructure Reliability and Replacement Adjustment Mechanism (IRRAM) Approved in D.14-06-028

We next examine whether the record shows that the proposed Settlement Agreement addressed Scoping Memo Issue No. 12: Whether Southwest Gas' TPR

³¹ See Settlement Agreement at Section 10.

³² See Settlement Agreement at Section 10.

³³ See Settlement Agreement at Section 10.

³⁴ See Settlement Agreement at Section 10.

Program, Meter Protection Program, and COYL Program should be continued with recovery of such costs through the IRRAM, as approved in D.14-06-028.

TPR Program. The record shows that Southwest Gas' proposed TPR Program would replace eligible Driscopipe™ 7000 (M7000) distribution plastic pipelines and pre-1961-vintage steel distribution in Southwest Gas' Southern California jurisdiction only, at annual rates of 26.5 miles and 10 miles, respectively. The TPR Program is a proactive measure to replace aging infrastructure before it leaks. Southwest Gas' proposed budget for this program is approximately \$115.6 million for years 2026-2030, or approximately \$23.1 million annually during that period.

Cal Advocates proposed a reduced annual replacement rate of 21 miles for M7000 and 8.3 miles of pre-1961 at a total cumulative budget of \$94.32 million for years 2026-2030, or approximately \$18.56 million annually.

In the Settlement Agreement, Southwest Gas agreed to Cal Advocates' adjusted budget for the TPR Program: "The Targeted Pipe Replacement Program will replace Driscopipe™ 7000 and pre-1961 steel pipe in Southern California with a cumulative budget of \$94,322,400 over 2026-2030 (approximately \$18.86 million annually)."³⁵

Meter Protection Program. As a result of heavy snows in portions of Southwest Gas' California rate jurisdictions, the Company's risk-informed assessment identified the need to continue its Meter Protection Program, a comprehensive and proactive program to protect the Company's meter sets from damage due to snow and ice loading, as authorized in D.21-03-052.³⁶ Southwest Gas' proposed Meter Protection Program consists of three components that the Company would evaluate and implement as appropriate for each eligible meter set assembly: (1) retrofitting meters with customer-owned sheds where none currently exist; (2)

³⁵ See Settlement Agreement at 6 (Section III).

³⁶ See Settlement Agreement at Section 41.

evaluating and installing excess flow valves (EFV) on certain service lines; and (3) upgrading the meter encoder receiver transmitter (ERT) device to allow for daily meter usage monitoring.³⁷

Southwest Gas requested approximately \$44 million over the 2026-2030 GRC cycle, at an annual rate of approximately \$14.7 million, \$10.5 million, and \$18.8 million in the Southern California, Northern California and South Lake Tahoe rate jurisdictions, respectively.³⁸

Cal Advocates proposed a reduced number of installations, based on Southwest Gas' historical average installations, for a total annual budget of \$2.6 million.³⁹

In the Settlement Agreement, Cal Advocates agreed to Southwest Gas' filed position with the budget for the Meter Protection Program to be spent on meter sheds, EFVs and ERTs: "The Meter Protection Program (including meter sheds, excess flow valves, and meter encoder receiver transmitters) will continue with a cumulative budget of \$43.95 million over 2026-2030 (approximately \$8.79 million annually across jurisdictions)."⁴⁰

School COYL Replacement Program. The Parties provide that a school COYL is "the primary customer-owned gas piping that begins from the service point of delivery at the outlet of Southwest Gas' meter located at the property line or public right-of-way and extends underground from the meter to the building or gas utilization equipment where gas is consumed."⁴¹ School COYLs are not owned, maintained, or inspected by Southwest Gas.⁴² Southwest Gas proposed to continue

³⁷ See Settlement Agreement at Section 41.

³⁸ See Settlement Agreement at Section 41.

³⁹ See Settlement Agreement at Section 41.

⁴⁰ See Settlement Agreement at 6 (Section III).

⁴¹ See Settlement Agreement at Section 40.

⁴² See Settlement Agreement at Section 40.

the School COYL Replacement Program authorized in its last GRC (D.21-03-052) at a rate of 15 schools per year (11 in Southern California and four in the consolidated Northern California area) for a total cumulative budget of \$29.3 million for years 2026-2030, or approximately \$5.9 million annually.⁴³

Cal Advocates proposed a reduction in the number of statewide School COYLs replacements to 12 per year at a total budget of \$16.4 million for years 2026-2030, reflecting a total average cost per school of \$390 thousand.⁴⁴

In the Settlement Agreement, Southwest Gas agreed to 12 School COYL replacements per year (10 in Southern California and one each in Northern California and South Lake Tahoe) at an average cost per school of \$360 thousand.⁴⁵ This reflects a cumulative program budget of \$21.6 million over the 2026-2030 GRC cycle, resulting in an estimated annual target spend of \$3.6 million for Southern California and \$360 thousand each for Northern California and South Lake Tahoe.⁴⁶

In light of the three risk-mitigation programs and party compromises discussed above and the Lead Detection Program discussed below, the proposed Settlement Agreement addresses Issue No. 12 as follows: “Southwest Gas’ risk-informed decision-making framework complies with D.19-04-020 and D.22-10-022, and the Parties agree to continue and modify risk mitigation programs with recovery through the [IRRAM].”⁴⁷

⁴³ See Settlement Agreement at Section 40.

⁴⁴ See Settlement Agreement at Section 40.

⁴⁵ See Settlement Agreement at Section 40.

⁴⁶ See Settlement Agreement at 6 (Section III) (stating “The School Customer-Owned Yard Line Replacement Program will replace lines at 12 schools per year (10 in Southern California, 1 each in Northern California and South Lake Tahoe) with a cumulative budget of \$21.6 million over 2026-2030 (approximately \$4.32 million annually.”).

⁴⁷ See Settlement Agreement at 5-6 (Section III).

7.1.8. Issue No. 13: Adoption of Annual Leak Survey Program

We next examine whether the record shows that the proposed Settlement Agreement addressed Scoping Memo Issue No. 13: Whether an Annual Leak Survey program with conventional and Advanced Mobile Leak detection technologies should be adopted.

The Parties agreed that Southwest Gas currently leak surveys its California natural gas assets at a frequency of at least once every three years, except in situations where the federal and state pipeline safety regulations require a more frequent leak detection survey such as business districts, transmission facilities, and in situations where the Southwest Gas' Distribution Integrity Management Program or its Transmission Integrity Management Program require more frequent leak detections surveys.⁴⁸ Southwest Gas proposed increasing the frequency of leak surveys to once per year, resulting in an increased amount of pipeline footage to be surveyed.⁴⁹ It also proposed to invest in new equipment (three AMLD vehicles, two in Southern California and one in Northern California/South Lake Tahoe) and personnel (two new employees in Southern California and one new employee in Northern California/South Lake Tahoe) to establish and facilitate the Annual Leak Survey Program.⁵⁰ Southwest Gas proposed to equally split the cost of the AMLD vehicle between its Northern California service territories and the Southwest Gas' Northern Nevada service territory to reflect the limited use of the vehicle in Northern California during the months of May through October.⁵¹ Southwest Gas requested a cumulative budget of \$10,026,425 over years 2026-2030.⁵²

⁴⁸ See Settlement Agreement at Section 42.

⁴⁹ See Settlement Agreement at Section 42.

⁵⁰ See Settlement Agreement at Section 42.

⁵¹ See Settlement Agreement at Section 42.

⁵² See Settlement Agreement at Section 42 (table).

Cal Advocates did not oppose Southwest Gas' Annual Leak Survey Program or the split of the vehicle cost between Southwest Gas' Northern California and Northern Nevada rate jurisdictions.⁵³ However, Cal Advocates recommended reducing the amount authorized to \$221,000 to account for the difference in the number of customers served in Northern California versus Northern Nevada.⁵⁴ Southwest Gas agreed to Cal Advocates' proposed downward adjustment of \$221,000, resulting in an authorized 5-year budget.⁵⁵

Accordingly, the Parties' Settlement Agreement addresses Issue No. 13 as follows: "A new Annual Leak Survey Program with Advanced Mobile Leak Detection will be implemented with a cumulative budget of \$10,026,425 over 2026-2030 (approximately \$2.005 million annually), including shared vehicle costs between Northern California and Northern Nevada adjusted by \$221,000."⁵⁶

More broadly, in light of the risk-mitigation programs discussed above, the proposed Settlement Agreement addresses Issue No. 11 as follows: "Southwest Gas' risk-informed decision-making framework complies with D.19-04-020 and D.22-10-022, and *the Parties agree to continue and modify risk mitigation programs with recovery through the Infrastructure Reliability and Replacement Adjustment Mechanism (IRRAM).*"⁵⁷

⁵³ See Settlement Agreement at Section 42.

⁵⁴ See Settlement Agreement at Section 42.

⁵⁵ See Settlement Agreement at Section 42 and 6 (Section III, stating "jurisdictions). A new Annual Leak Survey Program with Advanced Mobile Leak Detection will be implemented with a cumulative budget of \$10,026,425 over 2026-2030 (approximately \$2.005 million annually), including shared vehicle costs between Northern California and Northern Nevada adjusted by \$221,000.").

⁵⁶ See Settlement Agreement at 6 (Section III).

⁵⁷ See Settlement Agreement at 5-6 (Section III) (emphasis added).

7.1.9. Issue No. 9: Reasonableness of Forecast Capital Expenditures

We next examine whether the record shows that the proposed Settlement Agreement addressed Scoping Memo Issue No. 9: Whether Southwest Gas' forecast of capital expenditures is reasonable.

Southwest Gas' capital expenditures are investments to modernize, expand, and maintain safety in its natural gas distribution infrastructure. These costs—driven by customer growth and pipe replacement—are added to the company's rate base, enabling Southwest Gas to earn a return on investment.

The record shows that specific capital expenditures were addressed in the Settlement Agreement through four risk mitigation programs discussed above: a TPR Program; Meter Protection Program; School COYL Replacement Program; and an Annual Leak Survey Program with AMLD.⁵⁸ Costs associated with these programs would be recovered through the IRRAM, approved by the Commission in D.14-06-048.⁵⁹

As discussed above, the record shows, that the Parties agreed on reasonable compromises to Southwest Gas' requested budget for each capital program through the Settlement Agreement.

We further consider the Parties' negotiations and agreed forecast regarding "net plant additions." These capital expenditure category refers to a utility's increase in physical assets.

Here, Southwest Gas proposed a total of \$174,826,636 in net plant additions for all three jurisdictions. Cal Advocates challenged that proposed amount, recommending \$164,744,831—a \$10,081,805 downward adjustment. In Section 37 of the Settlement Agreement, the Parties stated "As part of the comprehensive

⁵⁸ See Settlement Agreement at Section 10.

⁵⁹ See Settlement Agreement at Section 10.

Settlement, Southwest Gas and Cal Advocates agree that the net plant additions should be adjusted to 50 percent of Cal Advocates proposed adjustment as filed for each jurisdiction. . . .”⁶⁰ The resulting settlement amount for net plant additions is \$169,785,736, resolving the Parties’ dispute with a \$5,040,900 reduction of that capital expenditure.⁶¹

7.1.10. Issue No. 15: Consolidation of Northern California and South Lake Tahoe Rate Jurisdictions

We next examine whether the record shows that the proposed Settlement Agreement addressed Scoping Memo Issue No. 15: Whether Southwest Gas’ proposal to consolidate the Northern California and South Lake Tahoe Rate Jurisdictions into a single rate jurisdiction is in the public interest.

The record shows that Southwest Gas proposed to consolidate its Northern California and South Lake Tahoe rate jurisdictions into a single Northern California rate jurisdiction.⁶²

The Parties’ proposed Settlement Agreement addresses Issue No. 15 by establishing that “The Northern California and South Lake Tahoe rate jurisdictions will consolidate into a single Northern California rate jurisdiction.”⁶³

7.1.11. Issue No. 16: Reasonableness of Adoption of Safe Harbor Tax Accounting Method

We next examine whether the record shows that the proposed Settlement Agreement addressed Scoping Memo Issue No. 16: Whether Southwest Gas’

⁶⁰ See Settlement Agreement at Section 37.

⁶¹ See Settlement Agreement at Section 37. The three jurisdictions will receive net plant additions as follows: \$115,422,502 for Southern California; \$24,107,444 for Northern California; and \$30,255,787 for South Lake Tahoe.

⁶² See Settlement Agreement at Section 9.

⁶³ See Settlement Agreement at 7 (Section III).

intention to adopt the safe harbor tax accounting method outlined in Internal Revenue Service Revenue Procedure 2023-15 is reasonable.

The record shows that on February 7, 2025, Southwest Gas served Prepared Supplemental Testimony addressing its intention to adopt the new natural gas industry safe harbor tax method of accounting and its impact on the overall revenue deficiency in each jurisdiction.⁶⁴ Southwest Gas provided evidence to prove (1) a decrease in the overall margin for the Southern California rate jurisdiction to \$36.6 million; (2) a decrease in the overall margin for the Northern California rate jurisdiction to \$2.8 million; and (3) a decrease in the overall margin for the South Lake Tahoe rate jurisdiction to \$9.8 million.⁶⁵ The request across all jurisdictions totaled \$43.67 million.⁶⁶

The proposed Settlement Agreement addresses Issue No. 16 by adopting the accounting method: “Southwest Gas’ adoption of the safe harbor tax accounting method per Internal Revenue Service Revenue Procedure 2023-15 is accepted, with impacts reflected in jurisdictional margin adjustments.”⁶⁷

7.1.12. Discussion of the Record of All Issues

The record developed in this proceeding consists of: (1) the Application, amendment, and attachments; (2) Cal Advocates’ protest; (3) the prepared testimony of 25 volumes of witness testimony by Southwest Gas in support of the Application; (4) the analyses by Cal Advocates and supporting testimony by 10 witnesses; (5) evidence received from SBUA; (6) the Parties’ joint Motion and proposed Settlement Agreement; (7) party statements made in writing and in hearings and conferences; and (8) the Parties’ briefs on contested issues. We

⁶⁴ See Settlement Agreement at Section 17.

⁶⁵ See Settlement Agreement at Section 17.

⁶⁶ See Settlement Agreement at Section 17.

⁶⁷ See Settlement Agreement at 7 (Section III).

conclude that the record in this proceeding that underlies the Motion and proposed Settlement Agreement reflects that the Commission directed the utility and ratepayer advocates through a deliberate and meaningful process, requiring them to engage in an effective exchange of evidence, present numerous contested issues for resolution, conduct significant arms-length negotiations to resolve previously contested Scoping Memo Issue Nos. 2, 3, 7, 8, 9, 10, 11, 12, 13, 15, and 16 through the process to achieve the Settlement Agreement.

The record of this proceeding also shows that the Settlement Agreement was achieved as a result of zealous advocacy and arm's-length negotiations by sophisticated counsel for Southwest Gas and for ratepayer advocacy entities Cal Advocates and SBUA throughout this proceeding.

The Settlement Agreement resolves competing concerns in a collaborative and cooperative manner. The record developed by the Parties demonstrates that they have extensively researched and debated the issues to arrive at appropriate recommendations for settlement to address the scoped issues above. By reaching agreement, the Parties also avoided the costs of further litigation.

Accordingly, we find the proposed Settlement Agreement in its entirety is "reasonable in light of the whole record" under Rule 12.1(d).

Cal Advocates advocated on behalf of Southwest Gas' residential ratepayers, while SBUA represented the interests of the company's small business ratepayers. Those ratepayer advocates raised various issues during the proceeding. We recognize that the proposed settlement was therefore achieved through each party's development of the record and issues, and significant negotiations conducted between those sophisticated Parties.⁶⁸

⁶⁸ Under Rule 12.1, the parties must demonstrate a sound and thorough understanding of an application and of the record supporting that application. Here, the testimony and supporting exhibits submitted in this proceeding demonstrate that the parties have such a sound and thorough understanding of the underlying assumptions and data in the record.

7.2. Consistency with the Law

Southwest Gas, Cal Advocates, and SBUA contend that the settlement is consistent with applicable law and prior Commission decisions. No party has raised any unresolved legal issues in the record related to the Settlement Agreement terms.

The Settlement Agreement is consistent with law. It complies with all applicable statutes, Commission rules, and prior Commission decisions.

We recognize that California's strong public policy favoring settlement does not excuse a contractual clause that is otherwise illegal or unjust.⁶⁹ Our review of the Settlement Agreement terms reveals no such concerns.

The Parties and counsel to this proceeding are sophisticated and experienced in Commission rate-setting proceedings, including the issues presented by the Application. The record shows that the Parties proposed approval and adoption of the Settlement Agreement through a written joint Motion. Within the Motion, they present the factual and legal considerations adequate to advise the Commission of the scope and terms of the Settlement Agreement and of the grounds for its adoption. That Settlement Agreement addressed issues scoped in this proceeding. Therefore, the Parties complied with the written motion requirements of Rule 12.1(a).

The record also shows that, before signing the Settlement Agreement, the settling Parties met and conferred and prepared a joint settlement status reports filed with the Commission. Therefore, the settling Parties complied with the settlement conference requirements of Rule 12.1(b).

⁶⁹ *Rheinhardt v. Nissan N. Am., Inc.*, 92 Cal.App.5th at 1028 (citing *Timney v. Lin* (2003) 106 Cal.App.4th 1121, 1127, 131 Cal.Rptr.2d 387) ("[O]ur Supreme Court and other California courts have rejected the notion that a settlement judge may properly act to 'approve' an illegal contract and thereby shield it from invalidation. [Citations.] "). See also *Vitatech Internat., Inc. v. Sporn*, 16 Cal.App.5th 796, 807 (Cal. Ct. App. 2017) ("[A] court cannot validly enter a judgment or order which is void even if the parties agree to it.").

In addition, the Settlement Agreement effectuates established Commission and state policy to promote settlement of disputes. This policy reduces litigation expenses, conserves Commission resources, and allows parties to control the risk of unacceptable results of litigation. The Commission policy favoring settlements is especially appropriate here, where the settling Parties, including Applicant Southwest Gas, jointly requested approval of the Settlement Agreement and no party contests that Motion.

As a result, the Settlement Agreement complies with Commission laws, rules, orders, and decisions, as well as the strong public policy supporting settlements. Accordingly, the Commission finds the Settlement Agreement is consistent with applicable law

7.3. Public Interest

Finally, Southwest Gas, Cal Advocates, and SBUA contend that the settlement is in the public interest, because it “allows Southwest Gas to recover a reasonable rate of return and promotes safety, reliability, operational efficiency and infrastructure development and investment, while at the same time keeping customer rates as low as is reasonable.”⁷⁰

Approval of the proposed Settlement Agreement is in the public interest. The California Supreme Court advised that the public interest is evaluated in light of the circumstances of each case and the settlement agreement presented.⁷¹

⁷⁰ See Motion at 8-9.

⁷¹ In *Santa Barbara v. Superior Court*, 41 Cal.4th 747, 755-56 (Cal. 2007), the California Supreme Court addressed the "factors or characteristics" that underlie the concept of "public interest" in the context of an agreement releasing liability as follows:

In passages widely quoted and followed or adopted as a guide by numerous out-of-state decisions addressing the enforceability of such agreements, we wrote

“The social forces that have led to such characterization are volatile and dynamic.

No definition of the concept of public interest can be contained within the four corners

Footnote continued on next page.

Here, the Settlement Agreement provides for a reasonable and efficient disposition of highly contested issues identified by the Scoping Memo that would have otherwise been litigated with attendant costs on the Parties and the Commission. The Settlement Agreement avoids unnecessary consumption of party and Commission time and resources. Approval of the Settlement Agreement aligns with the Commission policy favoring settlement of disputes. Accordingly, the Commission finds approval of the Settlement Agreement is in the public interest.

8. Issue No. 17: Public Health or Safety Issues

We next examine a final issue on which the proposed Settlement Agreement is silent. Scoping Memo Issue No. 17 asks “Whether there exist any unresolved public health or safety issues related to this proceeding.”

The record shows that Southwest Gas, Cal Advocates, and SBUA took the position in their March 20, 2026 Joint Supplemental Statement that there exists no unresolved public health or safety issues related to this proceeding.⁷² Accordingly, we find that Issue No. 17 is resolved and there are no public health and safety issues.

9. Conclusion

The Settlement Agreement reasonably resolves disputes raised by Cal Advocates and SBUA in challenging Southwest Gas’ Application. It complies with legal and policy requirements attendant to settlement of the Scoping Memo Issue Nos. 2, 3, 7, 8, 9, 10, 11, 12, 13, 15, and 16 in this proceeding. The Settlement Agreement provides an efficient resolution to issues raised by the Application,

of a formula. The concept, always the subject of great debate, has ranged over the whole course of the common law; rather than attempt to prescribe its nature, we can only designate the situations in which it has been applied. We can determine whether the instant contract does or does not manifest the characteristics which have been held to stamp a contract as one affected with a public interest.”

(citing *Tunkl v. Regents of University of California*, 60 Cal.2d 92, 98 (Cal. 1963) (emphasis added)).

⁷² See Joint Supplemental Statement at 1.

and makes unnecessary further commitment of the Parties' and Commission's time and resources. Approval of the Settlement thereby conforms to the strong public policy favoring settlement of disputes.

In sum, the settlement as a whole produces a just and reasonable outcome.⁷³ We conclude that the proposed Settlement Agreement satisfies the requirements of Commission Rule 12.1. Accordingly, the Motion is granted and the Settlement Agreement is hereby adopted in its entirety.

We further conclude that Scoping Memo Issue No. 17 presents no question for decision by the Commission and is therefore resolved by this decision.

10. Summary of Public Comment

Rule 1.18 allows any member of the public to submit written comment in any Commission proceeding using the "Public Comment" tab of the online Docket Card for that proceeding on the Commission's website. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding.

Approximately 27 public comments were received on the Commission's website through the online docket card for this proceeding. The significant majority of public comments opposed a rate increase in principle in Southwest Gas service areas, citing prior and/or currently requested increases as excessive and beyond affordable to commenting customers. Numerous South Lake Tahoe residents cited recent rate increases as outpacing inflation, wages, and/or fixed incomes of the commenters and noted the reliance on natural gas in that service area.

⁷³ See D.11-05-018 at 16 (emphasis added).

11. Procedural Matters

11.1. Confidential Treatment

11.1.1. Exhibit CA-08C (Confidential Testimony of Phillip McNeil)

On July 17, 2025, Cal Advocates filed a Motion for Leave to File Under Seal Certain Confidential Testimony of Phillip McNeil as Exhibit CA-08C. That motion was filed pursuant to Commission Rule 11.4. Cal Advocates requests to enter a public version and a separate confidential version of Cal Advocates' prepared testimony by witness Phillip McNeil's into the record as evidence. Cal Advocates requests that Exhibit CA-08C be protected as confidential because it contains information that Southwest Gas designated as confidential.

The information designated as confidential in Exhibit CA-08C constitutes confidential market-sensitive business information that is not already public and that cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure. If disclosed publicly, the designated information would be competitively harmful to Southwest Gas' interests. The Commission has typically afforded confidential treatment to such information and we do so here.

For good cause shown, Cal Advocates' motion to seal the Confidential Testimony of Phillip McNeil as Exhibit CA-08C is granted. The designated material in the confidential, unredacted version of Cal Advocates' testimony shall remain under seal for a period of three years from the effective date of this decision. During this three-year period, the information will remain under seal and shall not be made accessible or disclosed to anyone other than Commission staff or, on the further order or ruling of the Commission, or as ordered by a court of competent jurisdiction. If Southwest Gas believes it necessary for this information to remain under seal beyond that three year period, it may file a motion stating the justification to extend the confidential treatment for a specified term.

**11.1.2. Exhibit SWG-22 (Confidential Version)
(Prepared Rebuttal Testimony of Samuel D.
Grandlienard on Behalf of Southwest Gas
Corporation)**

The information designated as confidential in Exhibit SWG-22 (Confidential Version) constitutes confidential market-sensitive business information that is not already public and that cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure. If disclosed publicly, the designated information would be competitively harmful to Southwest Gas' interests. The Commission has typically afforded confidential treatment to such information and we do so here.

For good cause shown, Southwest Gas' requests for confidential treatment of Rebuttal Testimony of Samuel D. Grandlienard as Exhibit SWG-22 (Confidential Version) is granted. The designated material in the confidential, unredacted versions of Southwest Gas' testimony as Exhibit SWG-22 (Confidential Version) shall remain under seal for a period of three years from the effective date of this decision. During this three-year period, the information will remain under seal and shall not be made accessible or disclosed to anyone other than Commission staff or, on the further order or ruling of the Commission, or as ordered by a court of competent jurisdiction. If Southwest Gas believes it necessary for this information to remain under seal beyond that three year period, it may file a motion stating the justification to extend the confidential treatment for a specified term.

**11.1.3. Exhibit SWG-23 (Confidential Version)
(Prepared Rebuttal Testimony of Matthew A.
Helmert on Behalf of Southwest Gas
Corporation)**

The information designated as confidential in Exhibit SWG-23 (Confidential Version) constitutes confidential market-sensitive business information that is not already public and that cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure. If disclosed publicly, the

designated information would be competitively harmful to Southwest Gas' interests. The Commission has typically afforded confidential treatment to such information and we do so here.

For good cause shown, Southwest Gas' requests for confidential treatment of the Rebuttal Testimony of Matthew A. Helmers as Exhibit SWG-23 (Confidential Version) is granted. The designated material in the confidential, unredacted versions of Southwest Gas' testimony as Exhibit SWG-23 (Confidential Version) shall remain under seal for a period of three years from the effective date of this decision. During this three-year period, the information will remain under seal and shall not be made accessible or disclosed to anyone other than Commission staff or, on the further order or ruling of the Commission, or as ordered by a court of competent jurisdiction. If Southwest Gas believes it necessary for this information to remain under seal beyond that three year period, it may file a motion stating the justification to extend the confidential treatment for a specified term.

11.2. Confidential Treatment of Southwest Gas Results of Operations Models

In a ruling dated March 19, 2026, the assigned ALJ adopted procedures for confidential treatment of computer modeling runs of Southwest Gas' RO models.⁷⁴ This decision incorporates that ruling and the processes set forth by the ruling.

The public interest in protecting the confidential RO modeling information outweighs the public interest in disclosing the information. Therefore, we keep in place the request for confidential treatment as set forth in the ruling.

⁷⁴ The use of computer models in Commission proceedings is governed by Pub. Util. Code Sections 1821-1822 and Rules 10.3 - 10.4 of the Commission's Rules. *See also* Pub. Util. Code Section 583 ("No information furnished to the commission by a public utility . . . shall be open to public inspection or made public except on order of the commission . . . Any present or former officer or employee of the commission who divulges any such information is guilty of a misdemeanor."). The ALJ's March 19, 2026 ruling supplemented existing legal requirements.

11.3. Evidence Received in the Record

On July 29, 2025, the Parties filed a Joint Motion to Admit Evidence Into the Evidentiary Record, attaching a joint exhibit log. At the July 29, 2025, remote evidentiary hearing, the ALJ entertained and granted the Parties' Joint Motion to Admit Evidence Into the Evidentiary Record and a motion by SBUA to admit an additional exhibit into evidence. All exhibits proposed were marked, identified, and received into evidence without objection.

We identified and received in evidence the direct testimony of Southwest Gas as Exhibit Nos. SWG-01, SWG-02, SWG-03, SWG-04, SWG-05, SWG-06, SWG-07, SWG-08, SWG-09, SWG-10, SWG-11, SWG-12, SWG-13, SWG-14, SWG-15, SWG-16, and SWG-17. We identified and received in evidence the rebuttal testimony of Southwest Gas as Exhibits SWG-18, SWG-19, SWG-20, SWG-21, SWG-22, SWG-22 (Confidential Version), SWG-23, SWG-23 (Confidential Version), SWG-24, and SWG-25.

We identified and received in evidence the direct testimony of Cal Advocates as Exhibit Nos. CA-01, CA-02, CA-03, CA-04, CA-05, CA-06, CA-07, CA-08, CA-08C, CA-09, and CA-10.

We further identified and received in evidence Southwest Gas's Responses to SBUA's Data Request, offered by SBUA as SBUA-01.⁷⁵

11.4. Prior Rulings Affirmed

This decision affirms all rulings made by the Administrative Law Judge and assigned Commissioner in this proceeding. All motions not ruled on are deemed denied.

⁷⁵ SBUA-01 is titled, "Southwest Gas's Responses to Small Business Utility Advocates' Data Request."

12. Waiver of Comment Period

Southwest Gas, Cal Advocates, and SBUA present the Joint Motion to Adopt the Settlement Agreement. The Joint Motion is unopposed by any party to this proceeding.

Under Rule 14.6(c)(2) of the Commission's Rules of Practice and Procedure, the Commission may reduce or waive the period for public review and comment in an uncontested matter where the decision grants the relief requested.⁷⁶

This decision grants the joint Motion for Approval of Settlement. Therefore, this is now an uncontested matter in which the decision grants the relief requested. We therefore waive the period for public review and comment pursuant to Rule 14.6(c)(2).

13. Assignment of Proceeding

Matthew Baker is the assigned Commissioner and Jeffrey Lee is the assigned ALJ and presiding officer in this proceeding.

Findings of Fact

1. On September 6, 2024, Southwest Gas filed A.24-09-001, to request authority to increase its GRC revenue requirement, beginning January 1, 2026.
2. Southwest Gas is a public utility engaged in the retail distribution, transportation and sale of natural gas for domestic, commercial, agricultural and industrial uses with three California rate jurisdictions: (1) Southern California; (2) Northern California; and (3) South Lake Tahoe, serving over 2 million customers in the states of California, Arizona, and Nevada.
3. A protest was filed by Cal Advocates on October 14, 2024, and SBUA was granted party status on January 14, 2025.

⁷⁶ Pursuant to Pub. Util. Code Section 311(g)(2), the otherwise applicable 30-day period for public review and comment may be waived in an uncontested matter in which the decision grants the relief requested.

4. On September 18, 2025, Southwest Gas, Cal Advocates, and SBUA filed a Joint Motion for Adoption of a Settlement Agreement pursuant to Rule 12.1.

5. The Settlement Agreement (Appendix 1) resolves issues that are no longer contested in this proceeding by the Parties.

6. The Settlement Agreement describes each party's position and how their differences were resolved, including through use of data, calculations models, and compromises between the Parties.

7. The Settlement Agreement does not violate any statute, Commission decision or rule.

8. The Parties demonstrate a sound and thorough understanding of the underlying assumptions and data in the record.

9. The Settlement Agreement results in compromises that are sufficient to enable Southwest Gas to provide customers with reliable service and to earn a reasonable rate of return.

10. The Settlement Agreement does not present an agreement on Issue No. 17, as described in the Scoping Memo.

11. There are no public health and safety issues at issue in this proceeding.

12. Contested issues not resolved by the Settlement Agreement remain to be addressed through a separate decision in this proceeding.

13. On July 17, 2025, Cal Advocates filed a Motion for Leave to File Under Seal Certain Confidential Testimony of Phillip McNeil as Exhibit CA-08C.

14. Southwest Gas requested to seal the Rebuttal Testimony of Samuel D. Grandlienard as Exhibit SWG-22 (Confidential Version) and the Rebuttal Testimony of Matthew A. Helmers as Exhibit SWG-23 (Confidential Version).

Conclusions of Law

15. The Settlement Agreement should be adopted in its entirety because it satisfies the requirements of Rule 12.1, which provides that the Commission will not

approve a settlement unless the settlement is reasonable in light of the whole record, consistent with the law, and in the public interest.

16. The September 18, 2025 Joint Motion to Adopt a Settlement Agreement of Southwest Gas, CI Advocates, and SBUA pursuant to Rule 12.1 is unopposed and should be granted, and the Parties' Settlement Agreement should be adopted.

17. It is reasonable to resolve Issue No. 17 because there are no public health and safety issues associated with the Application.

1. This decision should affirm all rulings made by the ALJ and assigned Commissioner in this proceeding. All motions not ruled on should be deemed denied.

18. This is an uncontested matter in which the decision grants the relief requested, and therefore, the otherwise applicable 30-day period for public review should be waived, pursuant to Pub. Util Code Section 311(g)(2).

19. This decision should be effective immediately.

20. The contested issues not resolved by the Settlement Agreement should be addressed through a separate decision in this proceeding.

21. Cal Advocates Motion for Leave to File Under Seal Certain Confidential Testimony of Phillip McNeil as Exhibit CA-08C should be granted pursuant to Commission Rule 11.4 for a period of three years from the effective date of this decision, and may be extended by motion of Southwest Gas.

22. Southwest Gas Corporation's request to seal the Rebuttal Testimony of Samuel D. Grandlienard as Exhibit SWG-22 (Confidential Version) and the Rebuttal Testimony of Matthew A. Helmers as Exhibit SWG-23 (Confidential Version) should be granted pursuant to Commission Rule 11.4 for a period of three years from the effective date of this decision, and may be extended by motion of Southwest Gas.

23. Proceeding 24-09-001 should remain open.

O R D E R

IT IS ORDERED that:

1. The Joint Motion of Southwest Gas Corporation, the Public Advocates Office of the California Public Utilities Commission and Small Business Utility Advocates for Adoption of a Settlement Agreement pertaining to Southwest Gas Corporation's application for authorization to increase rates and charges for gas service in California effective January 1, 2026, is granted.

2. The Settlement Agreement, attached as Appendix 1 to this decision, pertaining to Southwest Gas Corporation's application for authorization to increase rates and charges for gas service in California effective January 1, 2026, is approved and adopted in its entirety.

3. Pursuant to the Settlement Agreement, attached as Appendix 1 to this decision, Southwest Gas Corporation may submit a Tier 3 advice letter to request additional funding up to a maximum of \$800,000 per year for its Conservation and Energy Efficiency programs (Residential Equipment Rebates, Commercial Equipment Rebates, Residential Direct Install, New Homes Rebates, and Solar Thermal Rebates). The Conservation and Energy Efficiency programs will continue with an annual budget of \$500,000, recoverable through the Conservation and Energy Efficiency Balancing Account component of the Public Purpose Program Surcharge, beginning two years after Commission approval. Southwest Gas Corporation may file for program modifications using Tier 1 advice letters for Commercial Equipment Rebates aligned with statewide updates, Tier 2 for other minor changes, and Tier 3 for budget increases.

4. Pursuant to the Settlement Agreement, attached as Appendix 1 to this decision, Tariff modifications to the Preliminary Statement, Rate Schedules, and Rules shall be submitted by Southwest Gas Corporation to the Commission within 90 days of the effective date of this proceedings close in a compliance filing to

correct inconsistencies, incorporate ministerial updates, and reflect the Settlement Agreement.

5. Pursuant to the Settlement Agreement, attached as Appendix 1 to this decision, regarding Southwest Gas Corporation's commercial ratepayers:

- a. For Schedule Nos. GS-40/GN-40 (Core Commercial Natural Gas Service), Southwest Gas Corporation will enhance outreach for the Commercial Equipment Rebates program with two additional email blasts annually and consultation with third-party contractors. Accordingly, Southwest Gas Corporation shall report participation levels via Tier 1 advice letter by June 30, 2028;
- b. For the Targeted Pipe Replacement Program, Southwest Gas Corporation will include in future testimony a comparison of present and future bill impacts from proactive replacement, considering cost savings and deferred replacement scenarios, and continue maximizing cost savings through franchise-related trenching coordination;
- c. For Account 908 (Customer Assistance Expense), Southwest Gas Corporation will conduct a 2026 survey of GS-40/GN-40 customers (including internal staff insights, statistically significant responses via email and other channels, and analysis for actionable improvements). Accordingly, Southwest Gas Corporation shall report findings and actions via Tier 1 advice letter by June 30, 2027.

6. The Public Advocates Office of the California Public Utilities Commission's Motion for Leave to File Under Seal Certain Confidential Testimony of Phillip McNeil, as Exhibit CA-08C, is granted. The designated material in the confidential, unredacted version of testimony found in Exhibit CA-08C shall remain under seal for a period of three years from the effective date of this decision. During this three-year period, the information will remain under seal and shall not be made accessible or disclosed to anyone other than Commission staff or, on the further order or ruling of the Commission, or as ordered by a court of competent jurisdiction. If Southwest

Gas Corporation believes it necessary for this information to remain under seal beyond that three year period, it may file a motion stating the justification to extend the confidential treatment for a specified term.

7. Southwest Gas Corporation's request to seal the Rebuttal Testimony of Samuel D. Grandlienard as Exhibit SWG-22 (Confidential Version) and the Rebuttal Testimony of Matthew A. Helmers as Exhibit SWG-23 (Confidential Version), are granted. The designated material in the confidential, unredacted version of testimony found in Exhibit SWG-22 (confidential version) and Exhibit SWG-23 (Confidential Version) shall remain under seal for a period of three years from the effective date of this decision. During this three-year period, the information will remain under seal and shall not be made accessible or disclosed to anyone other than Commission staff or, on the further order or ruling of the Commission, or as ordered by a court of competent jurisdiction. If Southwest Gas Corporation believes it necessary for this information to remain under seal beyond that three year period, it may file a motion stating the justification to extend the confidential treatment for a specified term.

8. This decision affirms all rulings made by the Administrative Law Judge and assigned Commissioner in this proceeding. All motions not ruled on are deemed denied.

9. The contested issues not resolved by the Settlement Agreement will be addressed through a separate decision in this proceeding.

10. Application 24-09-001 remains open.

This order is effective today.

Dated May 14, 2026, at San Francisco, California.

JOHN REYNOLDS
President

DARCIE L. HOUCK
KAREN DOUGLAS
MATTHEW BAKER
CHRISTINE HARADA
Commissioners

Appendix 1

(Settlement Agreement)

(End of Appendix)